

MAYOR JERRY SANDERS

2006 STATE OF THE CITY

FACT SHEET

JANUARY 12, 2006

<p>Two-Thirds of the Mayor's Speech is Dedicated to the City's Financial Troubles and the Reforms he is Proposing.</p>

Speech Themes: Transparency Reform
 Integrity Accountability

Speech Introduction:

Mayor will tell San Diego citizens: the “straight” truth.

“But the state of San Diego’s city government – our government -- is something else altogether. It today faces the most serious financial, organizational and ethical crisis in its history.

“San Diegans are craving for someone to tell it to them straight – for their mayor to tell them the whole truth -- what happened, why it happened and how it will be fixed.”

“People in government circles have invented the fancy word “transparency” to describe this concept. But all it really means is telling the truth – being open and honest. And that’s exactly what I plan to do.”

Findings:

- The Mayor will make nine direct, succinct and declaratory findings about the Pension Crisis and the City’s Management Problems.

Example:

“Seventh, for years, important problems were swept under the rug by City government leaders.

“As best I can tell, the operating philosophy around City Hall involved one of these three words: delay, deny or deceive.

“This “us vs. them” mentality has contributed to a culture of secrecy, where important decisions were made behind closed doors, and ethical standards were compromised, resulting in a serious erosion of trust in city government.”

Mayor Takes Responsibility For the City's Problems

- “No matter what the problems may be – or who caused them – I take responsibility for them and am willing to be held accountable.”

Financial Reforms

- The Mayor makes clear that the City's problems won't be fixed immediately:

“Please keep in mind that these problems took years to create, so they're not going to be solved overnight. To use a term that sports fans will recognize, the three years of my term will be ‘rebuilding years.’

“The solutions are going to involve pain and sacrifice from everyone, from city administrators and city employees to residents and businesses.”

- The Mayor will ask the Employee Unions to do their part:

“I also expect the municipal labor unions to do their part. While I will ask employee groups to make additional sacrifices, I will also offer them the prospect of a comprehensive solution that will get the city's finances back on track, so employees will know that their jobs and their pensions can ultimately be secured.”

- The Mayor has asked the Pension Board to resign after a January 20th meeting.
- The Mayor will ask for the City Attorney to be reinstated as the Retirement System's Chief Legal Advisor. “I will ask the new Pension Board and the City Council to reinstate him, with all of the proper ethical protections.”
- Sanders' FY07 Budget will be a “clear break” with the past – NO “smoke and mirror” tricks.

“Unlike budgets of the past, this budget will have a clear owner and champion – me.

“Also unlike budgets of the past, this budget will truly balance. There won't be any more smoke and mirror tricks intended to conceal a budgetary deficit.”

- The following budget reforms will appear in Sanders' Fiscal Year 07 budget:
 - reporting estimated deferred maintenance as a line item in the budget;
 - a requirement that each department disclose the number of vacancies in staff positions currently and the projected vacancies by the end of the year, to prevent “phantom” staff positions from being represented in the budget;

- a requirement that projected overtime for the Police and Fire departments, among other departments, be built into the annual budget as a line item;
 - a reduction in the size of the annual budget report down to one volume that includes an executive summary that can easily be understood by the public;
 - a requirement that where fees are imposed, they need to be cost based and support the programs for which they are charged; and
 - a requirement that enterprise and special funds be audited every three years to ensure all fees paid into those funds are used for the proper purpose, including personnel. [PAUSE]
- Expenses will also have to be lessened so that the City can “live within its means.”

“To that end, we have already begun the process of **evaluating existing staffing levels** to eliminate duplication, and to flatten the chain of command, so decisions can be made better, faster and more efficiently.

“All departments, including Public Safety, are expected to contribute to a reduction of City expenses. With respect to Public Safety, no reduction in sworn officers or firefighters will be made. Savings from these departments will come from reorganizing the administrative and support areas to improve efficiency and reduce costs.

“I am also asking managers to prepare contingency plans for a 10% cut in all non-public safety staff positions. I hope it will not be necessary to exercise this contingency, and I look forward to working with the employee unions to develop constructive and fair alternatives.”

Mayor Makes Water & Wastewater Systems Improvements Priority

“One of the unfortunate realities of our financial situation is that basic infrastructure – both for our water and wastewater systems have suffered.”

“I am announcing tonight that I will recommend to the City Council that we explore private financing for the most important and immediate of these improvements. This will allow us to provide our citizens with a clean and safe water supply and to improve our sewer infrastructure.”

Mayor Will Focus City on Core Services/Re-Engineer City Government

“To do that, I’m going to focus on core services; I’m going to reduce waste, duplication and bureaucracy; and I’m going to search for more cost-effective ways to provide quality services.

“I will ask the City Council to place a Proposition on the ballot asking voters to approve a Charter amendment that will allow for managed competition for appropriate city services.

“This process will be transparent and it will contain safeguards to prevent abuse. The goal in this process will be a smaller, more responsive and more cost efficient city government.”

“I am also moving ahead with a major re-engineering of city government, with the goal of creating a model for honest, effective, efficient local government, able to provide quality services to its citizens.”

“Over the course of the three years of my term, we will turn government upside down. I hope to review virtually every single process or function of City government.”

Mayor Will Fix City’s Troubled Real Estate Assets Department

“Questions related to this critical function will be addressed and resolved as part of a comprehensive solution to the city’s financial crisis.

“It is particularly embarrassing – and just plain inexcusable -- that the City doesn’t know what properties it owns, doesn’t know what properties it leases to third parties and can’t tell anyone with certainty how much money it collects in rent. All of that will change:

- An inventory of all City-owned property will be conducted.
- An evaluation of each piece of property owned will begin as part of our restructuring.
- And systems will be put in place to track income.

Mayor Makes Affordable Housing Priority

“Beyond the City’s financial crisis looms a housing emergency, an immediate and real threat that cuts across San Diego’s socio-economic spectrum.”

- The Mayor will not “rubber stamp” the on-going update to the City’s General Plan.

“The General Plan must provide an honest and workable blueprint for providing housing along transportation corridors and in close proximity to employment centers. The popular term “Smart Growth” must be replaced with a meaningful commitment to encouraging density that includes supporting infrastructure.

- The Mayor intends to cut City permitting time.

“San Diego is transitioning from suburban to urban development, which means the old rules don’t apply. This requires more creative planning and innovation from homebuilders and cooperation from the City’s Development Services and Planning Departments.

“Regulatory inefficiency is the most immediate and correctable roadblock to solving the housing crisis. I will set into motion the reform of the regulatory process so that we can reduce housing costs and expedite the building of new housing units. Specifically, I will set a goal of reducing the permit processing period.”

“To ensure this goal is met, annual benchmarks will be created to measure housing production, regulatory incentives, and reduction in processing times.”

Mayor will be Proactive on Business Development

- The Mayor will reflect San Diego’s pro-business attitude:
“For San Diego to remain competitive in attracting knowledge-based industries against stiff competition from other localities, it is essential that the Mayor reflect the city’s intent to be business friendly with a reasonable tax structure, access to business facilities, predictable timelines in the permitting process and a supportive physical infrastructure.”
- Mayor will work closely with the Region’s Congressional Delegation to Keep Military Jobs in San Diego.
- The Mayor will also be a champion for the visitor industry.

Mayor Pledges to Get City its “Fair Share”

“The most egregious example of us not getting our fair share is property taxes. Our region receives approximately 17 cents on every dollar of property taxes. Other regions receive up to twice as much.”

“I will ask my regional colleagues to make fiscal fairness one of our top regional priorities for 2006. I will ask SANDAG to conduct a thorough analysis so that we know where we stand, relative to other cities in funding for transportation, infrastructure and public safety.”

“As I speak, the Governor and legislative leaders in Sacramento are discussing the potential for the most significant infrastructure investment plan in 50 years.

“I pledge that I will be a tireless advocate on our City’s behalf so that San Diego can enjoy its fair share of any infrastructure bond.”

Chargers Option Must be Good for Taxpayers

Airport Issue Important to San Diego’s Future